

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 USIE-00 CIAE-00 DODE-00

PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 NSCE-00 INRE-00 SSO-00 EB-08

TRSE-00 AID-05 IGA-02 DOTE-00 COME-00 OPIC-03

XMB-02 FRB-03 DHA-02 ORM-02 /087 W

-----211711Z 025856 /40

O R 211230Z MAR 77

FM AMEMBASSY GABORONE

TO SECSTATE WASHDC IMMEDIATE 9661

INFO AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY LUSAKA

AMEMBASSY MAPUTO

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

USEC BRUSSELS 0051

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EAID, BC

SUBJECT: BOT-ZAM ROAD: GOB TURNS TO EEC

REF: A. GABORONE 581 (NOTAL), B. GABORONE 582

C. USEC BRUSSELS A-067

1. SUMMARY PRESIDENT KHAMA ASKED ME TO CALL MARCH 17. HE SAID EDF HAS IMMEDIATELY AVAILABLE FUNDS FOR PAVING BOT-ZAM ROAD AND ASKED WHETHER U.S. COULD "DIVERT" ANY FUNDS INTENDED FOR THIS LIMITED OFFICIAL USE

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PROJECT INTO (A) NON-CONSTRUCTION COSTS OF PAVING BOT-ZAM ROAD, I.E., DESIGN AND SUPERVISORY COSTS, AND (B) STANDBY RAILWAY EQUIPMENT TO ASSURE UNINTERRUPTED OPERATION OF RHODESIAN RAILWAY. VICE PRESIDENT MASIRE (WHO IS ALSO MINISTER OF FINANCE AND DEVELOPMENT PLANNING) REINFORCED PRESIDENT'S REQUEST AND PROVIDED FURTHER BACKGROUND LATER THE SAME DAY. EDF REP DAVID ANDERSEON CAME SPECILLY FROM LESOTHO MARCH 18 TO CONFIRM GOB REQUEST. ACTION REQUESTED:

GUIDANCE FOR REPLY TO PRESIDENT KHAMA'S QUESTION AS TO WHETHER
U.S. ROAD FUNDS CAN BE USED FOR OTHER URGENT PROJECTS. END SUMMARY.

2. AT MARCH 17 MEETING AT HIS REQUEST, PRESIDENT SERETSE KHAMA
ASKED ME TO "ACCEPT HIS APOLOGY" FOR DILEMMA IN WHICH GOB HAS
FOUND ITSELF CONCERNING THE PAVING OF THE BOT-ZAM ROAD, I.E.,
THERE WERE NOW TWO POTENTIAL DONORS. RECALLING THAT PROJECT HAD
BEEN UNDER DISCUSSION FOR SOME TIME, AND FACT THAT HE HAD RAISED IT
WITH PRESIDENT FORD IN JUNE 1976, HE NOTED THAT AN AFFIRMATIVE
U.S. ANSWER HAD NOT YET BEEN RECEIVED. MEANWHILE FEELERS WERE
PUT TO THE EEC. NOW VISITING EC COMMISSIONER, CALUDE CHEYSSON,
HAD INFORMED HIM DAY BEFORE (I.E., MARCH 17) THAT THE EEC HAD
AGREED TO COMMIT TEN MILLION UNITS OF ACCOUNT TO PAVING THE ROAD,
FUNDS THAT HAD TO GO TO A -REGIONAL PROJECT" FOR WHICH ONLY BOT-ZAM
ROAD QUALIFIED. UNFORTUNATELY, BECAUSE OF ITS RHODESIAN OWNERSHIP,
THE RAILWAY WAS NOT CONSIDERED REGIONAL AND NO EEC FUNDS COULD BE
COMMITTED TO IT.

3. AFTER OUTLINING WHAT HE TERMED HIS DILEMMA, THE PRESIDENT
REITERATED GOB CONCERN THAT EEC FUNDS NOT BE LOST AND WONDERED IF
WHATEVER U.S. RESOURCES MIGHT HAVE BECOME AVAILABLE FOR PAVING
BOT-ZAM ROAD COULD BE "DIVERTED" TO THE OTHER HIGH-PRIORITY
PROJECTS, E.G. THE ACQUISITION OF EQUIPMENT TO ASSURE UNINTERRUPTED
OPERATION OF RAILROAD. PRESIDENT SAID CANADIAN CONSULTANTS HAD JUST
PRODUCED A FIRST REPORT ON WHAT NEEDED TO BE DONE; ALTHOUGH HE
HAD NOT SEEN IT, HE UNDERSTOOD THAT IT RECOMMENDED THE PURCHASE
OF ROLLING STOCK, LOCOMOTIVES AND THE CONSTRUCTIONS OF SHEDS.

4. I REPLIED THAT I WAS CONFIDENT THE U.S. SHARED PRESIDENT'S
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CONCERN THAT THE BOT-ZAM ROAD BE BUILT AS SOON AS POSSIBLE.
I RECOGNIZED THAT NO FIRM U.S. REPLY HAD BEEN GIVEN. AS FOR
POSSIBLE OTHER USES OF U.S. FY '77 FUNDS TENTATIVELY EARMARKED
TO BEGIN PAVING THE BOT-ZAM ROAD, I WOULD REFER QUESTION TO
WASHINGTON. ON PERSONAL BASIS, HOWEVER, I FELT IT WOULD BE
DIFFICULT FOR US TO DEVELOP THE MOMENTUM NOW BUILDING UP BEHIND
PAVING BOT-ZAM ROAD INTO ANOTHER AREA. MOREOVER, RAILWAY
PROJECT APPEARED TO INVOLVE LARGELY PROCUREMENT AND U.S. FUNDS
WOULD HAVE TO BE TIED TO U.S. PURCHASES, WITH CONSEQUENT PROBLEMS
OF THE HIGH COST OF TRANSPORTATION, TECHNICAL DIFFERENCES BETWEEN
U.S. AND RHODESIAN RAILWAYS, ETC. I ASKED ABOUT OTHER POSSIBLE
PROJECTS INTO WHICH THIS MONEY COULD BE DIVERTED, E.G. THOSE
DECLARED URGENT BY THE FARAH MISSION, AND PRACTICABILITY OF THE U.S.
AND THE EEC SHARING PAVING COSTS OF THE ROAD SO THAT NONE OF THE
MOMENTUM MIGHT BE LOST.

5. THE PRESIDENT ANSWERED THAT SERIOUS PROBLEMS OF PROCUREMENT
WOULD ALSO ARISE IN MEETING FARAH MISSION RECOMMENDATIONS.
CONCERNING THE SHARING OF BOT-ZAM ROAD COSTS, THE PRESIDENT SAID

THAT HE WOULD ASK THE VICE PRESIDENT, WHO KNEW MORE OF THE DETAILS THAN HE, TO DISCUSS IT FURTHER WITH ME. MEETING CONCLUDED WITH PRESIDENT'S EXPRESSION OF HOPE FOR U.S. FLEXIBILITY SO NO RESOURCES, EDF OR U.S., WOULD BE LOST.

5. FIFTEEN MINUTES AFTER LEAVING THE PRESIDENT, VICE PRESIDENT MASIRE CALLED TO INVITE ME TO TALK SAME AFTERNOON. WE MET TOGETHER WITH EMBOFF AND GOB ECONOMIC PLANNING OFFICER MIKE STEVENS. ON QUESTION OF U.S. SHARING THE CONSTRUCTION COSTS OF THE PROJECT WITH THE EEC, MASIRE CONSIDERED THAT CONFLICTS WOULD INEVITABLY ARISE FROM EACH DONOR'S DESIRE TO USE HIS OWN CONTRACTORS. STEVENS AGREED THAT CO-FINANCING OF CONSTRUCTION WAS NOT REALISTIC BECAUSE OF THE CONTRACTOR PROBLEM. NEVERTHELESS, HE HOPED THE U.S. COULD FINANCE THE DESIGN AND SUPERVISION OF THE BOT-ZAM PAVING. FOR THE EEC TO OBTAIN NEW CONSULTANTS WOULD CAUSE WASTE AND DELAYS. HE FELT THE EDF COULD USE EXISTING REPORTS AND WOULD ACCEPT THE TAMS REPORT LIMITED OFFICIAL USE

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AS A FEASIBILITY STUDY. THE COS OF DESIGN AND SUPERVISION WOULD DEPEND ON WHICH PAVING OPTION OF THE GOB CHOSE: I.E., WHETHER COST WAS PULA 11.3 MILLION OR PULA 15.6 MILLION. THERE MIGHT ALSO BE SOME ADDITIONS NOT FORESEEN BY THE TAMS REPORT. ASSUMING SLECTION OF 11.3 OPTION, SUPERVISIION AND DESIGNING COSTS WOULD RUN TO A MILLION DOLLARS, PERHAPS TWO MILLION, "TO FILL IN THE GAPS". I RESPONDED THAT I WOULD ALSO WANT TO INQUIRE INTO ANOTHER POSSIBLE WAY THE U.S. MIGHT SHARE IN PAVING CONSTRUCTION SO THAT OUR FUNDS WOULD BE UNTIED, IE, IF THE GOB IN EFFECT ASSUMED CONTRACTOR RESPONSIBILITIES.

6. TURNING FROM BOT-ZAM ROAD, MASIRE SATED THAT THE GOB WOULD PREFER THAT USG PROVIDE STANDBY INFRASTRUCTURE FOR THE RHODESIAN RAILWAY. GIVEN THE INCREASED TENSION INSIDE RHODESIA, ONE COULD EXPECT INCREASED MILITARY CALL-UPS AND EMIGRATION. AGED CREWS WERE ALREADY TAKING OVER THE CONSEQUENT LOSS OF EFFICIENCY; THE RHODESIAN RAILWAY COLLISION MARCH 6 WAS EVIDENCE OF THIS POINT. IN THE EVENT THAT THE RHODESIAN RAILWAY WERE FORCED BY CIRCUMSTANCES TO CLOSE DOWN, BOTSWANA WOULD NEED TO HAVE INFRASTRUCTURE ON HAND, INCLUDING ROLLING STOCK, LOCOMOTIVES AND WORKSHOPS. WITH THESE AVAILABLE, IT WOULD BRING IN OPERATORS BY PLANE, "E.G. FROM INDIA" TO KEEP THE LINE GOING. STEVENS HOPED THE DURING THE WEEK OF MARCH 21-25 GOB COULD MEET WITH EMBOFFS FOR DETAILED DISCUSSION OF RHODESIAN RAILWAY CONTINGENCY PLANS AND HOW "SEVERN TO EIGH MILLION DOLLARS" OF U.S. AID FUNDS MIGHT BE USED TO PROVIDE NEEDED INFRASTRUCTURE. HE SAID THAT MINFIN PERMSEC GAOLATHE, NOW IN NEW YORK CITY WORKING ON FARAH MISSION REPORT, WAS BEING INSTRUCTED TO GO TO WASHINGTON TO OUTLINE THE WHOLE SITUATION TO U.S. OFFICIALS.

7. IN CLOSING THE VICE PRESIENT SUMMARIZED BY SAYING THAT

THE PAVING PROJECT TRANSFER TO THE EEC WAS RESULT OF "STALLING ON YOUR PART AND OVER-ANXIETY ON OURS".

8. EC REP DAVID ANDERSON SAME MARCH 18 TO SAY HOW CONCERNED MINISTER CHEYSSON WAS THE EDF ASSUMPTION OF BOT-ZAM PAVING LIMITED OFFICIAL USE

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PROJECT NOT HARM US-GOB RELATIONS. HE EARNESTLY HOPED U.S. COULD SHOW GREATER FLEXIBILITY THATN EDF IN USING ITS FY '77 FUNDS. I PROMISED TO INFORM HIS PROMPTLY OF USG REACTION TO GOB PROPOSED "DIVERSION" OF U.S. FUNDS.

9. COMMENT: U.S. "INABILITY" TO MAKE FIRM COMMITMENT ON BOT-ZAM PAVING, INCLUDING ABSENCE OF RESPONSE TO QUESTIONS PARA 3 REF A AND PARA 2ED REF B, COUPLED WITH TIMELY EEC AVAILABILITY OF FUNDS, MAKES IT APPEAR THAT BOT-ZAM ROAD PAVING WILL BECOME PRIMARILITY EDF PROJECT. IN ORDER NOT TO LOSE U.S. AID FUNDS ALREADY TENTATIVELY EARMARKED FOR ROAD, WE HOPE EVERY EFFORT WILL BE MADE TO ENABLE US TO RESPOND POSITIVELY TO GOB REQUEST FOR (A) U.S. FUNDING OF DESIGN AND SUPERVISION COSTS FOR BOT-ZAM ROAD AND (B) STANDBY RAILROAD EQUIPMENT. ACTION REQUESTED: (A) THAT U.S. CONSIDER FEASIBILITY IN PRINCIPLE OF ASSISTANCE TO FINANCE STANDBY RAILROAD INFRASTRUCTURE AS OUTLINED BY GOB OFFICIALS AND ADVISE EMEBASSY ASAP. (WE WILL INFORM WASHINGTON OF FURTHER DETAILS ON RAILWAY PROJECT NEXT WEEK); (B) THAT AID/DEPARTMENT CONSIDER POSSIBILITY OF OUR FINANCING THE DESIGN AND SUPERVISORY INPUTS FOR PAVING OF ROAD; (C) IF U.S. DETERMINES GOB REQUESTS FOR ASSISTANCE TO RAILWAY INFRASTRUCTURE ARE NOT PRACTICABLE, REQUEST AID/DEPARTMENT TURN THEIR ATTENTION TO OTHER PRIORITY PROJECTS IN FARAH REPORT, E.G. TO HELP PROVIDE SOUTHERN AFRICAN REFUGEE STUDENTS IN BOTSWANA WITH CLASSROOM SPACE AND EDUCATIONAL OPPORTUNITIES OUTLINED REFTELS AND PRVIOUS. WOULD APPRECECIATE DEPARTMENT'S GUIDANCE ASAP AND, IN ANY EVENT, NO LATER THAN COB MARCH 25.

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